



# OXFORD BANK

## 2022 ANNUAL REPORT

*Delivering value. For life.*

# COMMUNITY INVOLVEMENT AND SUPPORT

- 2nd Annual Oxford Give Back
- Accounting Aid Society
- Ann Arbor Summer Festival
- Ann Arbor YMCA
- Ann Arbor/Ypsilanti Regional Chamber
- Avalon Housing Inc., Home for Good Initiative
- Beyond Basics
- Birmingham Village Players
- Brandon High School
- Clarkston Chamber of Commerce Annual Gala
- Community Foundation of Greater Rochester
- Dryden Community Schools, Jason Anderson Scholarship
- Ele's Place Healing Hearts
- Everest Collegiate High School and Academy
- Flushing Athletic Boosters
- Genesee County Habitat for Humanity
- Greater Flint Health Coalition, Inc.
- GreenPath Financial Wellness
- Habitat for Humanity
- Helen Smith Park Fund
- Hope for All Seasons and Life of God, Back to School Event
- Huron River Watershed Council
- Kids Kicking Cancer, Inc.
- Linden Athletic Boosters
- Macomb County Chamber of Commerce
- Navigate Home, LLC.
- Orion Area Youth Assistance
- Orion Art Center
- Orion Oxford Eagles
- Oxford Chamber of Commerce Bridge Lighting Sponsor
- Oxford Community Christmas Parade
- Oxford Community Schools – Therapy Dogs of Oxford
- Oxford Community Television
- Oxford Gives Back
- Oxford High School Booster Club
- Oxford High School Senior All-Night Party
- Oxford Pregnancy Center
- Oxford Women's Club
- Paint a Miracle
- PRISM Gay Men and Allies Chorus
- Rochester Community Schools
- Rochester Downtown Development Authority Fire and Ice Festival
- Taste of Clarkston
- The Humane Society of Macomb
- United Shore Professional Baseball League
- Washtenaw Area Council for Children
- Washtenaw Camp Placement
- Wixom Firefighters Foundation Breakfast
- Women's Leaders in Business

## DEAR SHAREHOLDER:

The past year was much improved for both our team and community compared to the previous two years. We continue to be very optimistic about your Company's long-term success because of your team's resiliency and engagement which has, again, been proven in 2022. At the center of our outlook is a team/employee base that has continued to serve our clients and communities with great care and compassion, which is the cornerstone of Oxford Bank Corporation ("Company") and Oxford Bank.

We are very pleased with our 2022 core earnings progression and the strength of our balance sheet as we move into uncertain economic times. We acknowledge that the Company's year-over-year earnings were down because of the one-time fees earned through the Paycheck Protection Program ("PPP") in 2021. We also recognize that PPP can't be duplicated; however, we were able to successfully offset a sizable portion of those PPP earnings with loan growth, strong deposit generation, positive impact from the dramatic rise in interest rates and the continued low cost of our core funding.

The 2022 loan growth was attributable to both the traditional commercial portfolio and, to a lesser degree, Oxford Bank's 100% owned subsidiary, Oxford Commercial Finance Corp. ("OCF"). As reported previously, we launched that business with the April 2022 acquisition of Factors Southwest ("FSW") and have since added Asset Based Lending and Leasing capabilities. You may also recall that we had already established key leaders in our risk management area for that business prior to the FSW acquisition and have seen positive impact from the deliberate and controlled growth of OCF.

From a balance sheet perspective, we remain very liquid and have not experienced any significant outflow of deposits. Further, our well-positioned investment portfolio has not been subject to as much negative impact from rising rates as many of our peers have reported. As a result, the Company has the capital and liquidity to support our organic growth plans and remain opportunistic with regard to the possibility of a strategic acquisition.

While Oxford is growing and becoming more diversified, the core of the Company has and will always be our people. Although building a team to support our valued customers and ongoing initiatives has not gotten any easier in this difficult economy, we were gratified that our strong culture and vision has allowed us to continue to attract and retain talent. Specifically, 2022 saw the Company add numerous industry veterans while also rehiring 10 talented former team members who wanted to return to our team. We consider ourselves a "people development Company" in terms of career progression and the ability to fill higher level positions internally with key contributors that exude our Company culture and values. To that end, our three-year goal is to have no less than 50% of non-entry level jobs filled internally, which we are on our way to achieving. We believe these efforts and continuous investment of time and development in our staff have driven our historical above market earnings growth and will continue to do so in the future.

In addition to retaining and adding valued employees, another key focus in 2022 was increasing our infrastructure, automation and operational effectiveness to be in position to support our planned organic growth and create a platform for potential acquisitions. The most significant effectiveness achievement was completing the outsourcing of our technology infrastructure with a well respected vendor that serves over 200 banks nationwide and adds significant scalable capacity to our IT area. This platform is critical to our cybersecurity efforts, new technology implementation and future system conversions. In terms of automation, we made significant progress through implementing over 30 enterprise workflows. We also have various projects in the technology space to improve client delivery and experience while increasing revenue that will be implemented in the first half of 2023.

Over the course of 2022, we achieved significant milestones toward the transition of the Company into an even more diversified customer-focused financial institution. While the bank will always serve its clients, communities and shareholders in the manner of a true community organization, our expansion into additional complementary business lines should allow even greater positive impact to all stakeholders. We are confident that this balanced approach, which now includes both commercial finance-related products and our traditional bank loans, deposits and services, will position the Company for continued growth and value creation.

We strongly believe our plan will return us to superior earnings growth in 2023 and thereafter. Your Company will continue to become even more counter cyclical with our commercial finance business's growth, along with continued growth in our conventional business banking relationships.

Thank you for your continuing commitment as an owner and hopefully a customer of Oxford Bank, our subsidiary.

Sincerely,  
David P. Lamb  
Chairman, President and CEO

## Consolidated Balance Sheet

DECEMBER 31, 2022 AND 2021 (000s OMITTED, EXCEPT PER SHARE DATA)

<b>Assets</b>	2022	2021
Cash and due from banks	112,367	157,959
Interest-bearing time deposits at other financial institutions	9,187	12,889
Investment securities – Available for sale	186,316	137,482
Investment securities – Held to maturity	1,310	1,322
Restricted stock at cost - FRB and FHLB	2,336	2,234
Loans and Leases - Net of allowance for loan and lease losses of \$5,628 and \$5,474 as of December 31, 2022 and 2021, respectively	445,261	411,208
Premises and equipment – net	8,191	8,489
Bank-owned life insurance	10,540	10,226
Goodwill	7,000	-
Accrued interest receivable and other assets	10,141	9,056
<b>Total assets</b>	<b>\$792,649</b>	<b>\$750,865</b>
<b>Liabilities</b>		
Deposits:		
Non-interest bearing	\$173,400	\$162,948
Interest bearing	529,622	505,914
<b>Total deposits</b>	<b>703,022</b>	<b>668,862</b>
Subordinated debt - net	15,713	15,680
Accrued interest, taxes and other liabilities	4,211	3,596
<b>Total liabilities</b>	<b>722,946</b>	<b>688,138</b>
<b>Stockholders' Equity</b>		
Common stock - No par value; 10,000,000 shares authorized; 2,423,749 and 2,233,597 shares issued and outstanding at December 31, 2022 and 2021 respectively	28,321	22,941
Additional paid-in capital	1,721	1,306
Retained earnings	47,301	38,481
Accumulated other comprehensive (loss)	(7,877)	(1)
<b>Total stockholders' equity attributable to parent</b>	<b>69,466</b>	<b>62,727</b>
Noncontrolling interest	237	-
<b>Total stockholders' equity</b>	<b>69,703</b>	<b>62,727</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$792,649</b>	<b>\$750,865</b>

## Consolidated Statement of Operations

YEARS ENDED DECEMBER 31, 2022 AND 2021 (000'S OMITTED, EXCEPT PER SHARE DATA)

	2022	2021
<b>Interest Income</b>		
Loans and leases	\$25,629	\$24,816
Investment securities:		
Taxable	2,670	1,052
Tax exempt	58	63
Other	2,652	425
<b>Total interest income</b>	<b>31,009</b>	<b>26,356</b>
<b>Interest Expense</b>	<b>1,919</b>	<b>1,314</b>
<b>Net Interest Income</b>	<b>29,090</b>	<b>25,042</b>
<b>Provision for Loan Losses</b>	<b>150</b>	<b>550</b>
<b>Net Interest Income After Provision for Loan Losses</b>	<b>28,940</b>	<b>24,492</b>
<b>Noninterest Income</b>		
Service charges – deposits	662	466
ATM fee income	730	704
Gain on sale of loans	530	1,342
Loan servicing income	1,927	1,194
Other	499	972
<b>Total noninterest income</b>	<b>4,348</b>	<b>4,678</b>
<b>Noninterest Expense</b>		
Salaries and employee benefits	12,655	8,074
Occupancy and equipment	2,011	1,930
Data processing	3,501	2,353
Other	4,089	2,998
<b>Total noninterest expense</b>	<b>22,256</b>	<b>15,355</b>
<b>Income – Before income taxes</b>	<b>11,032</b>	<b>13,815</b>
Income tax expense	2,119	2,932
<b>Net Income Before Noncontrolling Interest</b>	<b>8,913</b>	<b>10,883</b>
Net income attributable to noncontrolling interest	93	-
<b>Net Income Attributable to Parent</b>	<b>8,820</b>	<b>10,883</b>
<i>Earnings per Weighted Average Share – Basic</i>	<i>\$3.69</i>	<i>\$4.77</i>

# Consolidated Statement of Changes in Stockholders' Equity

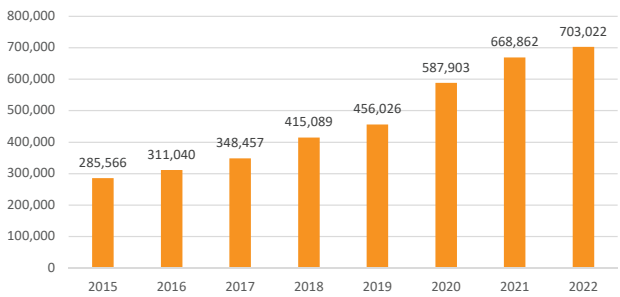
DECEMBER 31, 2022 AND 2021 (000s OMITTED, EXCEPT PER SHARE DATA)

	Common Stock	Unearned Equity Compensation	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non- controlling Interest	Total
<b>Balance – January 1, 2020</b>	\$25,285	\$(13)	\$867	\$27,598	\$1,261	-	\$54,998
Comprehensive income:							
Net income:	-	-	-	10,883	-	-	10,883
Change in net unrealized loss on securities available for sale - Net of tax effect of (\$335)	-	-	-	-	(1,262)	-	(1,262)
Repurchase of 82,553 Shares	(2,344)	-	-	-	-	-	(2,344)
Grant of restricted stock units (13,971 shares)	-	-	439	-	-	-	439
Equity compensation expense	-	13	-	-	-	-	13
<b>Balance – December 31, 2021</b>	\$22,941	\$-	\$1,306	\$38,481	\$(1)	-	\$62,727
Comprehensive income:							
Net income:	-	-	-	8,820	-	-	8,820
Change in net unrealized loss on securities available for sale - Net of tax effect of (\$2,094)	-	-	-	-	(7,876)	-	(7,876)
Repurchase of 27,514 Shares	(998)	-	-	-	-	-	(998)
Sale of 204,395 Shares	6,378	-	-	-	-	-	6,378
Grant of restricted stock units (13,863 shares)	-	-	415	-	-	-	415
Contribution from noncontrolling interest	-	-	-	93	-	144	237
<b>Balance - December 31, 2022</b>	\$28,321	-	\$1,721	\$47,394	\$(7,877)	144	\$69,703

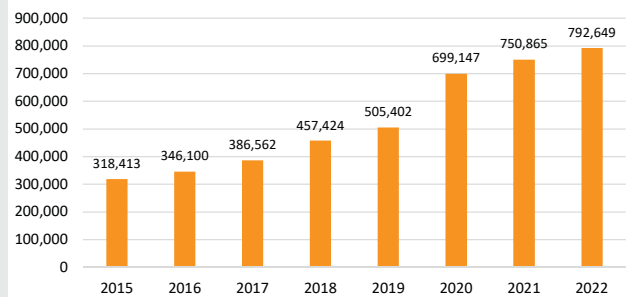
# DELIVERING VALUE. FOR LIFE.



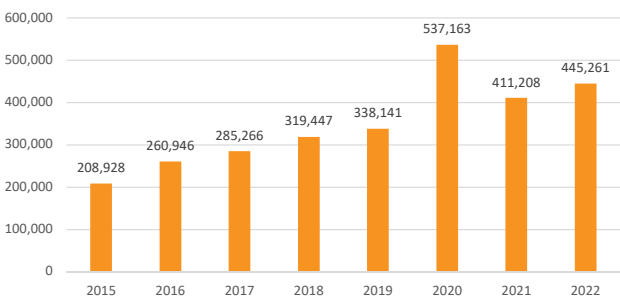
### Total Deposits



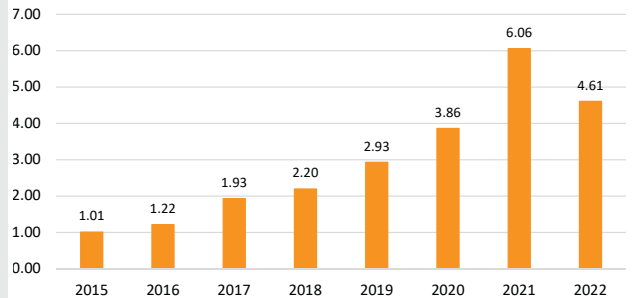
### Total Assets



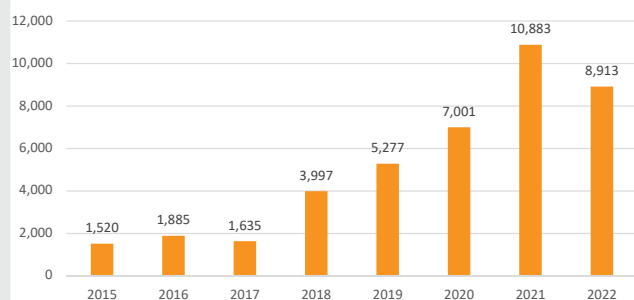
### Total Net Loans



### Pre-Tax Earnings Per Share



### Net Income



## LOCATIONS AND HOURS:

### ADDISON – OAKS BRANCH

35 S. Rochester Road  
Oakland, MI 48363  
(586) 752-4555

### CLARKSTON BRANCH

7199 N. Main Street  
Clarkston, MI 48346  
(248) 625-0011

### DAVISON BRANCH

600 N. State Road  
Davison, MI 48423  
(810) 658-1500

### DRYDEN BRANCH

5459 Main Street  
Dryden, MI 48428  
(810) 796-2651

### LAKE ORION BRANCH

1115 S. Lapeer Road  
Lake Orion, MI 48361  
(248) 693-6261

### ORTONVILLE BRANCH

345 S. Ortonville Road  
Ortonville, MI 48462  
(248) 627-2813

### OXFORD BRANCH

60 S. Washington Street  
Oxford, MI 48371  
(248) 572-2030

### CUSTOMER EXPERIENCE CENTER – NORTH

183 S. Livernois Road  
Rochester Hills, MI 48307  
(248) 429-3301

### CUSTOMER EXPERIENCE CENTER – EAST

51020 Hayes Road  
Macomb, MI 48044  
(586) 868-8300

### CUSTOMER EXPERIENCE CENTER – WEST

2355 W. Stadium Boulevard  
Suite 1A  
Ann Arbor, MI 48103  
(586) 868-8300

### LOBBY HOURS

Monday – Friday: 9 a.m. – 5 p.m.

### ITM DRIVE-THRU HOURS

Monday – Friday: 7 a.m. – 8 p.m.  
Saturday: 7 a.m. – 5 p.m.

### 24-HOUR TELEPHONE BANKING

(844) 258-8359

### ADDITIONAL ITM LOCATION

28345 Beck Road  
Wixom, MI 48393



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